TO ALL WHOM IT MAY CONCERN

CALL FOR THE SUBMISSION OF BIDS FOR THE SUPPLY OF NATURAL GAS FOR THE NEEDS OF BULGARGAZ EAD

Dear ladies and gentlemen,

BULGARGAZ EAD, having its registered address at 47, Petar Parchevich str., 1000 Sofia, Republic of Bulgaria, invites all interested parties to submit an offer for the supply of Natural Gas for the needs of Bulgargaz EAD.

1. Subject of the Procedure:

"Supply of Natural Gas for Bulgargaz EAD" intended for injection and storage in the Chiren Underground Gas Storage Facility.

2. Quantity and profile of supply: 20th April 2019 – 30th June 2019

- Flat delivery of Natural Gas in April up to 212 000 MWh (≈20 mln.m³);
- Flat delivery of Natural Gas in May up to 660 000 MWh (≈62 mln.m³);
- Flat delivery of Natural Gas in June up to 660 000 MWh (≈62 mln.m³);
- Minimum Daily Quantity for the period April June 2019 532 MWh (≈50 000 mln.m³).

3. Natural Gas Delivery Point:

• Virtual Trading Point (VTP) of the National Natural Gas Transmission Network

4. Requirements for the quality of the Natural Gas to be supplied:

In accordance with Appendix 1 to the Call.

5. Programme for supply of Natural Gas:

In accordance with Appendix 2 to the Call.

6. Requirements to the Participant in the tender procedure:

6.1. Must not be in winding-up proceedings, declared bankrupt or in bankruptcy proceedings, and if the Participant is a foreign entity - must not be in similar proceedings, in accordance with its national legislation.

6.2. Must have secured quantities of Natural Gas at the Delivery Point as indicated in item 3 on the basis of concluded contracts for supply/transmission to it;

7. Term and place for submission of the bids:

7.1. Term for submission: until 17:00 local time on 29th March 2019.

7.2. Place for submission: 47, Petar Parchevich str., 1000 Sofia, Bulgargaz EAD.

The bid should be in the form of a written proposal and be submitted to Bulgargaz EAD Registry office in a sealed opaque envelope in person, by registered mail with delivery receipt or by a courier within the above time-limit.

The participant must make the following indications on the envelope: "Bid for supply of Natural Gas", participant's name, address and contact person, telephone, where possible - fax and email.

Each separate bid must be accompanied by a filled-in price offer form in a separate sealed opaque envelope marked as: "Price Offer", which is to be placed in the main envelope.

Contact person: Mr Ivo Andreev, Head of Legal Department

You will find additional information on tel.: + 359 2 935 8957

8. Contents of the Bid:

8.1. Each and every bid must contain the following documents:

8.1.1. Extract from the Commercial Register in the participant's country, which certifies the actual legal status of the participant – as at the date of submission of the bid. In case the participant presents a copy of the document, this copy must be initialed on every page by the representative of the participant, in accordance with the extract from the Commercial Register.

8.1.2. Free-text declaration for the absence of the circumstances referred to in item 6.1. of the present call – in original, signed by the representative of the participant, in accordance with the extract from the Commercial Register.

8.1.3. A sealed opaque envelope marked as "Price Offer" must be submitted as it shall contain a filled-in price offer form - in original signed by the representative of the participant, in accordance with the extract from the Commercial Register.

8.2. Evidence under item 6.2.:

- Copy of concluded transmission contract with Bulgartransgaz EAD for secured transmission of quantities of Natural Gas to the Point as indicated in item 3.
- Copy of concluded contracts for usage of VTP.
- Other evidence, at the participant's discretion, of secured transmission of quantities of Natural Gas to the Point as indicated in item 3.

The submitted copies must be with deleted information, which is considered by the participant to be commercial secret.

The submitted copies are supposed to show:

- The name of the counterparty under the Contract;
- Term of the contract for transmission.

The copy of the contract/s must be initialed on every page by the representative of the participant's company, in accordance with the extract from the Commercial Register.

9. Criteria for assessment of the bids

Largest discount in percentage (%) from the price, approved by the Energy and Water Regulatory Commission in BGN per MWh, at which the Public Supplier sells Natural Gas to end suppliers of Natural Gas and to customers connected to the gas transmission network in the respective month of supply, recalculated under the exchange rate of the Bulgarian National Bank - 1 EUR=BGN 1.95583.

10. Manner Of Payment

Up to 10 Business Days following the receipt of the Invoice for the respective Delivery Month for 100% of the value of the delivered Natural Gas.

11. Term for conclusion of a Supply Contract and language:

- Deadline for conclusion of a Supply Contract 12th April 2019.
- The language of the Contract shall be Bulgarian.

GENERAL TERMS OF THE PROCEDURE FOR SELECTION OF A SUPPLIER:

For the purpose of determination of the Supplier, with an order of the Executive Director, a commission consisting of at least three members will be appointed to review the submitted bids.

If the bid does not contain the documents indicated in item 8. herein or if they are not presented in accordance with the requirements of the present invitation, Bulgargaz EAD may require from the participant to submit them within a term indicated for this purpose. If after expiration of this term the participant fails to submit the missing documents, such participant's price offer shall not be considered and shall not participate in the bid evaluation.

The commission must determine the participants who comply with the requirements of the call and invite them to the public opening of the price offers on 1st April 2019 at 10 a.m. at Bulgargaz EAD offices in Sofia, 47, Petar Parchevich str.

The commission shall asses the bids under item 9 criteria and offer ranking of the participants on the basis of the criteria "largest discount from the price, approved by the Energy and Water Regulatory Commission in BGN per MWh, at which the Public Supplier sells Natural Gas to end suppliers of Natural Gas and to customers connected to the gas transmission network in the respective Delivery Month, recalculated under the exchange rate of the Bulgarian National Bank - 1 EUR=BGN 1.95583.

If the bid ranked first in accordance with the criterion referred to in item 9 does not cover the entire quantity for the month concerned, which is indicated in item 2, additional ranking shall be made of the other bids until the quantity for the respective month indicated in item 2 is reached.

In case that two or more participants offer the same price discount, these participants shall be invited to submit new price proposals in a time-limit until 2 p.m. on 1st April, 2019.

The ranking shall be presented to the Board of Directors of Bulgargaz EAD for acceptance and adoption of a decision for the conclusion of a Contract with the selected participant/s at 4 p.m. on 1st April 2019.

By 12 noon on 2nd April 2019 Bulgargaz EAD shall notify the selected participant/s.

In case of a refusal of the first ranked participant to enter into a contract, a contract shall be offered to the participant ranked next.

Bulgargaz EAD reserves the right to terminate at its own discretion the tender procedure at any time. The decision for termination will be announced on the webpage of the company, and the participants in the tender procedure will be notified in writing.

Appendices:

- 1. Natural Gas Quality Indicators Appendix No 1;
- 2. Programme for supply of Natural Gas Appendix No 2;
- 3. Price Offer Appendix No 3;
- 4. Natural Gas Supply Contract Appendix No 4

Appendix No 1

NATURAL GAS QUALITY INDICATORS

Designation	Description	Units	Not less than	No more than	Notes	
GCV	Gross calorific value	kWh/m ³	10,0	12,7	Under reference conditions (25°C, 20°C).	
WI	Wobbe index	MJ/m ³	45,0	55,0	Under reference conditions (25°C, 20°C).	
Dr	Relative density	-	0,50	0,72		
CH4	Methane	% mole	70,0			
CO2	Carbon dioxide	% mole		5,0		
N2	Nitrogen	% mole		10,0		
O2	Oxygen	% mole		0,2		
H2S	Sulphuretted hydrogen	mg/m ³		6,5		
$S + X_n S_m$	Total sulphur	mg/m ³		30,0	In exceptional cases up to 100 mg/m ³ will be admissible for a period of time not exceeding 48 hours.	
H ₂ O DP	Water dew point	°C		-8,0	At pressure of 39,2 barg.	
CnHm DP	Sulphuretted hydrogen dew point	°C		0,0	At pressure of 54 barg.	

Notes:

1. The conditions for measurement of the quantities of Natural Gas are pressure of 1,01325 bars and temperature of 20°C.

2. The conditions for determination of the Gross Calorific Value and the Wobbe index are 25°C and the conditions referred to in item 1.

PROGRAMME FOR SUPPLY OF NATURAL GAS

Period of supply	Quantity, MWh
April 2019	
May 2019	
June 2019	
Total	

Seller:

Price offer

..... hereby provides the following legally binding bid in accordance with the conditions indicated in a Call for participation in the tender procedure for the selection of a supplier of Natural Gas for Bulgargaz EAD.

Fixed discount in percentage (%) from the price, approved by the Energy and Water Regulatory Commission in BGN per MWh, at which the Public Supplier sells Natural Gas to end suppliers of Natural Gas and to customers connected to the gas transmission network in the respective Delivery Month, recalculated under the exchange rate of the Bulgarian National Bank - 1 EUR=BGN 1.95583.	%
Period of supply	dd/mm/yyyy dd/mm/yyyy
Quantity of Natural Gas	MWh MWh MWh
Delivery Point	Virtual Trading Point (VTP) of the National Natural Gas Transmission System

We hereby confirm that the above proposal is a legally binding proposal for the conclusion of the Natural Gas Supply Contract, Appendix 3 to the Call.

Place, Date, Signature, Seal and the three names of the representative of the participant's company – autographically

CONTRACT

for Purchase-and-Sale of Natural Gas

Today,2019, in the city of Sofia, by and between:

 "....., uniform identification code, having its seat and registered address at: "....." No., floor, represented by, hereinafter referred to as the "Seller" and

2. **BULGARGAZ EAD**, having its seat and registered address at 47 Petar Parchevich str., Sofia, Republic of Bulgaria, registered in the Commercial Register under uniform identification code 175203485, represented by Nikolay Angelov Pavlov – Executive Director, hereinafter referred to as the "Buyer",

The Seller and the Buyer hereinafter also individually referred to as "Party/the Party", and jointly – "Parties/the Parties", entered into the present Contract for the following:

I. **DEFINITIONS**

In the present Contract, the definitions listed herein below shall have the following meaning:

Bar – unit of measurement of pressure outside the CI system, equal to 100 000 Pa.

Gross calorific value – the quantity of heat emitted upon the complete burning at a constant temperature of 298.15 K (25° C) of one cubic meter of Natural Gas, measured at standard conditions 293.15 K (20° C), as all the water generated upon the burning condenses at the reference temperature. It is expressed in kWh.

Natural Gas Transmission Network – a system consisting mostly of high-pressure (more than 16 bars) gas pipelines and the facilities to them with a uniform technological mode of operation for transmission of Natural Gas;

Month – a period of time starting at 07^{00} on the first day of a calendar month and ending at 07^{00} on the first day of the following calendar month;

"Natural Gas" or "Gas" is a mixture of hydrocarbons (consisting mostly of methane) and noncombustible components, which are in a gaseous state and processed for transportation over a gas pipeline;

"Megawatt-hour" or "MWh" means the energy generated or consumed under constant load by one (1) MW per one (1) hour.

"Natural Gas Transmission Network Operator" means a person – operator of a gas transmission network, which carries out transmission of Natural Gas over a gas-transmission network and is responsible for its operation, maintenance and development on a given territory and its interconnections to other networks.

"Day" means the period of time consisting of 24 (twenty-four) hours in a row from 07:00 on each calendar day until 07:00 on the next calendar day, local Bulgarian time at the Delivery Point.

"Delivery Point" means the place where the ownership right and the risk of losses/aggravation of the quality characteristics of the Natural Gas supplied under this Contract are transferred by the Seller to the Buyer. For each particular supply of Natural Gas, the Delivery Point shall be specified in the Programme for Supply (Appendix No 2).

II. SUBJECT OF THE CONTRACT AND DELIVERY POINT

2.1. The Seller undertakes to supply and sell to the Buyer at the agreed Delivery Point quantities of natural gas in accordance with what is agreed upon under programmes, an integral part of this Contract against the Buyer's obligation to accept and pay for the Natural Gas under the terms and conditions of the Contract.

2.2. The contractual quantity of Natural Gas for supply, intended for injection in the Chiren Underground Gas Storage Facility shall be, as follows:

	U	•		
- April	•••••		•••••	MWh;

- May MWh;

- June MWh.

2.3. Delivery Point – a Virtual Trading Point (VTP) of the National Natural Gas Transmission Network (NNGTN).

III. TERM OF THE CONTRACT

3.1. The present Contract shall enter into force from the date of its signing and shall be in force until 07 a.m. on 1st July 2019.

IV. PROGRAMME FOR SUPPLY. MODIFICATION OF THE PROGRAMME FOR SUPPLY

4.1. Upon the signing of the Contract, the Parties shall coordinate Programmes for supply of Natural Gas at a VTP of the NNGTN by months and days for the respective month for the period of the Contract (Appendix No 2).

4.2. The programme for supply of Natural Gas may be modified by mutual consent of the Parties.

V. GAS QUALITY*

5.1. The Natural Gas supplied by the Supplier is supposed to meet the quality indicators, in accordance with Certificate of quality indicators of the gas (Appendix N_{21}).

5.2. In case the quality indicators of the Natural Gas do not correspond to the Certificate, the Seller shall after learning the circumstances that brought about aggravation of the quality indicators notify the Buyer of the incompliance. The notice shall also include the reasons for the incompliance, its presumable length and the measures taken to put an end to it.

5.3. When the quantity of Natural Gas intended for the Buyer is with an aggravated average-daily content of sulphuretted hydrogen, mercaptan sulphur and/or total sulphur and/or water dew point and/or mechanical impurities at the entry point, the Buyer notified of this incompliance may:

a) refuse to accept the Natural Gas with aggravated quality indicators, or

b) accept a part or the entire quantity of Natural Gas with aggravated quality indicators.

5.4. In the cases referred to in item 5.3. (a) the Supplier shall owe the Buyer indemnification in the amount of the proven damages sustained by the Buyer, which are directly caused by the non-

acceptance of gas with the aggravated quality indicators.

5.5. In the cases referred to in item 5.3. (b) the Supplier shall be liable for the damages sustained by the Buyer as a direct consequence from the acceptance of gas with the aggravated quality indicators, as well as for the incurred costs or future earnings.

5.6. In case that the Seller accepted gas with aggravated quality indicators under item 5.3. without being notified thereof, the Seller shall owe the Buyer indemnification in the amount of the proven damages sustained by the Buyer, which are directly caused by the acceptance of gas with the aggravated quality indicators.

5.7. The Seller shall submit to the Buyer daily certificates of quality of the supplied Natural Gas.

* In case of supply at a VTP, Section Quality of Natural Gas shall not apply.

VI. HANDOVER AND ACCEPTANCE. RISK. GAS REPORTING

6.1. The handover of the Natural Gas by the Seller and its acceptance by the Buyer shall be carried out at a VTP of the NNGTN, as indicated in the programmes referred to in item 4.1.

6.2. The Natural Gas shall be considered accepted by the Buyer and the ownership and risk of accidental perishing of the Natural Gas shall be transferred by the Seller to the Buyer at a VTP of the NNGTN.

6.3. The determination of the Natural Gas supplied under this Contract shall be carried out on the basis of the agreed programmes under item 4.1 and item 4.2. The difference between the agreed and supplied quantities shall be reported as quantities not supplied for the day.

6.4. The quantity of Natural Gas supplied to the Buyer in the respective month shall be reflected in a Monthly Statement (Appendix No 3). The Monthly Statement shall contain information for the agreed, supplied, not accepted, not supplied quantities of Natural Gas. For the not supplied/not accepted quantities, the Defaulting Party shall owe a sanction in accordance with Art. 9.2.

6.5. The Seller shall draw up the Monthly Statement and send it by email or fax to the Buyer within up to 5 (five) days after the end of the reporting month.

VII. PRICE, TERM, AND MANNER OF PAYMENT

7.1. The price of the Natural Gas shall be EUR per MWh (VAT excl.), in accordance with the Seller's price offer.

- **7.2.** The Buyer shall pay the value of the supplied quantities of Natural Gas in accordance with the Monthly Statement under item 6.4. within up to ten Business Days from the receipt of the invoice issued by the Supplier.
- **7.3.** The payment shall be made by bank transfer to a bank account of the Supplier in Euro.

7.4. Date of making of the payments shall be considered to be the date of crediting of the Supplier's bank account.

7.5. In case that the payment is not made within the term referred to in item 7.2. in conjunction with item 7.4., the Buyer shall owe the Seller a default interest in the amount of the Basic Rate of Interest (BRI) determined by the Bulgarian National Bank plus 10 points calculated on a 360-day basis with respect to the amount due for each day overdue. The default interest shall be accrued from the day following the day, on which the payment is delayed and shall be accrued until the day of the final payment, inclusively.

VIII. FORCE MAJEURE

8.1. The Parties shall not be held liable for complete or partial non-fulfillment of their contractual obligations, except for the obligations for payment of amounts, the maturity date of which has occurred, when the non-fulfillment is due to Force majeure.

8.1.1. Force majeure shall be an unforeseeable or unpreventable event of an extraordinary nature arisen after the conclusion of the Contract, e.g. such as: fire, explosion, natural disasters, such as floods, earthquakes, storms, hurricanes and the like, production accidents, civil disorders, riots, war, terrorist acts, blockades, embargo, revolts, strikes, etc., which are a reason for complete or partial non-fulfilment of the contractual obligations of any of the Parties. To avoid any misunderstanding, the lack of funds shall not be considered a Force majeure event.

8.2. While the Force majeure lasts, the fulfillment of the obligations and of the related counterobligations shall be suspended. The respective time-limits for fulfillment shall be extended with the time, in which Force majeure was present.

8.3. The Party, for which it is impossible to fulfill its obligations under the Contract on account of Force majeure, shall be bound as soon as possible to notify the other Party in writing of the beginning and anticipated end of the effect of the respective Force majeure circumstance, which is a reason for the non-fulfilment of the respective contractual obligations. In case of failure to notify, the indemnification for the resulting damages shall be due.

8.4. A Force majeure circumstance specified in the notice referred to in item 8.3. must be confirmed within a reasonable period of time by the Bulgarian Chamber of Commerce and Industry or another competent institution, as the case may be.

8.5. Provided that the Force majeure lasts more than 30 days, the Parties shall hold negotiations for determination of the conditions, under which the Contract shall remain in effect.

IX. CONTRACT TERMINATION. SANCTIONS

9.1. The Contract shall be terminated:

a) when its term of validity expires;

b) by the Parties' mutual consent;

c) on account of culpable non-fulfillment of the obligations of any of the Parties. In such case, the Nondefaulting Party shall send a written invitation to the Party in default to fulfill its obligations in a reasonable time as it shall be warned that in case of failure to meet the deadline it shall consider the Contract rescinded. The rescission shall be effective ex nunc.

9.2. If the Seller/Buyer fails to fulfill its obligations ensuing from this Contact, it shall owe the other Party the value of the not supplied/not accepted quantity.

9.3. The Seller shall have the right to terminate the Contract with a 15 (fifteen) day written prior notice, provided that the Buyer has delayed the payment of an amount due by more than 30 days.

9.4. The Buyer shall have the right to terminate the Contract for supply of Natural Gas immediately in case of opening of bankruptcy proceedings, proceedings for its being declared bankrupt or for the Seller's winding-up.

9.5. When the Contract is no longer in effect, its clauses shall apply until the final fulfillment of all Parties' obligations that occurred before the date of termination, as well as until the final resolution of all disputes and discrepancies between the Parties that may have arisen in the period of its validity.

X. GENERAL PROVISIONS

10.1. All disputes upon the performance of the Contract, including the ones arising from or related to its interpretation, invalidity, performance or termination, as well disputes for filling-in gaps in the Contract or its adaptation to new-arisen circumstances, must be resolved by the Parties through negotiations. If the disputes cannot be resolved through negotiations, they shall be subject to consideration and resolution by the competent Bulgarian court in accordance with the rules on local and subject-matter jurisdiction.

10.2. Details of the contact persons and for correspondence between the Parties:

For Bulgargaz EAD: Address: 47, Petar Parchevich str., 1000 Sofia, Tel.: +359 2 935 89 87 Fax: +359 2 9250394 e-mail: <u>infogaz@bulgargaz.bg</u>

For "
Address:
Tel.:
Fax:
e-mail:
Contact person:

10.3. The Parties shall be bound within up to 3 (three) days from a change in the data described in item 10.2. to notify each other in writing.

10.4. Issues not settled herein shall be governed by the provisions of the effective legislation in the Republic of Bulgaria.

10.5. The following appendices shall be an integral part of the Contract:

Appendix No 1 – Natural Gas Quality Indicators **Appendix No 2** – Monthly programme for supply of Natural Gas; **Appendix No 3** – Monthly Statement template;

Buyer:

Seller:

Appendix 1

Designation	Description	Units	Not less than	No more than	Notes	
GCV	Gross calorific value	kWh/m ³	10,0	12,7	Under reference conditions (25°C, 20°C).	
WI	Wobbe index	MJ/m ³	45,0	55,0	Under reference conditions (25°C, 20°C).	
Dr	Relative density	-	0,50	0,72		
CH ₄	Methane	% mole	70,0			
CO ₂	Carbon dioxide	% mole		5,0		
N ₂	Nitrogen	% mole		10,0		
O ₂	Oxygen	% mole		0,2		
H ₂ S	Sulphuretted hydrogen	mg/m ³		6,5		
$S + X_n S_m$	Total sulphur	mg/m ³		30,0	In exceptional cases up to 100 mg/m ³ will be admissible for a period of time not exceeding 48 hours.	
H ₂ 0 DP	Water dew point	°C		-8,0	At pressure of 39,2 barg.	
CnHm DP	Sulphuretted hydrogen dew point	°C		0,0	At pressure of 54 barg.	

NATURAL GAS QUALITY INDICATORS

Notes:

1. The conditions for measurement of the quantities of Natural Gas are pressure of 1,01325 bars and temperature of 20°C.

2. The conditions for determination of the Gross Calorific Value and the Wobbe index are 25°C and the conditions referred to in item 1.

Date	April, MWh	May, MWh	June, MWh
1			
2			
2 3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
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25			
26			
27			
28			
29			
30			
31			
Total			

MONTHLY PROGRAMME FOR SUPPLY OF NATURAL GAS

Seller:

Buyer:

Appendix No 3 To Purchase-and-sale contract No.

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BULGARGAZ EAD

MONTHLY STATEMENT

from to

Today,2019 in accordance with article 6.4 of Contract for the purchase-and-sale of Natural Gas No., the present Statement is drawn up and signed between Bulgargaz EAD and "....." EAD:

Date	Code of acceptan ce/hand- over Point	Agreed quantity of Natural Gas	Supplied quantity of Natural Gas	Not accepted quantities of Natural Gas	Not supplied quantities of Natural Gas
		(MWh)	(MWh)	(MWh)	(MWh)
Total					